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By SAM A. LEWISOHN

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The MANAGEMENT REVIEW

August, 1927

Adult Education and Business Management *

By SAM A. LEWISOHN, *Vice-President*

Miami Copper Company

THE first step in building up a dignified personality is to give the individual an intellectual grasp of his calling. An adequate discipline and background even in a specialized calling has its civilizing influence. Even more important is the implication in the social life of the nation rising from the higher level of leadership brought about by such training.

Private employments acquire a public character and significance. The rising standards of the medical profession replaced ignorance and charlatanism by the science and intelligence of trained minds to the benefit of society. Similar effects upon the industrial order would come from a different intellectual attitude by management.

Business is just coming into its own, unshackling itself of the tradition that to engage in trade or industry was unworthy of gentlemen. The attitude is ages old, and represents the classic prejudice of a nation that didn't have to work because it could live by plunder, tribute and enslavement. Xenophon, four centuries before Christ, typified that disdain in a passage that is a revelation of the attitude of the time. He wrote:

"The arts that men call vulgar are commonly decried, and are held in disesteem by the judgment of States, with good reason. They utterly ruin the bodies of workers and managers alike, compelling men as they do to lead sedentary lives, and huddle indoors, or in some cases to spend the day before a fire. Then as men's bodies become enervated, so their souls grow sicker. And these vulgar crafts involve complete absence of leisure, and hinder men from social and civic life; consequently men such as these are bad friends and indifferent defenders of their country."

A similar attitude towards trade has prevailed till today particularly in England. That this has important social consequence I will show in a moment.

* Presented at the recent conference of the Adult Education Association.

English educators until recently treated matters of trade and business as some people treat their unattractive children. England neglected them in favor of her other offspring. She focussed her attention on educating those destined to lead a cultured life and on the particular callings that were regarded as dignified occupations. Her only vocational training was for politics or civil service or the professions. Despite the fact that her active classes plunged into commercial activities, her educators ignored trade and business. Their attitude was that such things were unworthy of gentlemen. Unfortunately, such neglected children come back to plague us. They have come back to plague England.

The industrial managers were left with no understanding of the sociological aspects of their jobs. The neglect of consciously training executives in the art of organizing their employees is an important factor in the industrial dilemma in which England finds itself. This has accentuated the class and caste cleavages. With a head start in the first industrial revolution, she is falling behind not entirely from purely economic reasons. There are administrative and social difficulties as well. She is confessedly backward in her administration of labor.

I recognize that devotion to trade and business is insufficient for an educated man. But trade and business, whether we will or not, constitute the largest part of our active life. The unattractive children are a large part of the family. It is dangerous to ignore this subject of industrial administration as an educational matter, leaving all the educational processes within it to experience, to rule-of-thumb methods. In a complex civilization such as ours it is undesirable—indeed dangerous—to have men engaged in any activity entirely devoid of an intellectual understanding of the principles and rules of that activity.

It is as dangerous to permit untrained industrial practitioners to be responsible for the proper functioning of thousands of men as it would be to allow untrained medical practitioners to be responsible for the health of individuals.

I have a curious case in mind showing how far technical efficiency has tended to outrun managerial vision and ability to understand and lead men. You all know of John Watt, the great inventor who is credited as the most influential of those whose work made the industrial revolution so dramatic an event. Watt played a dual rôle, as many engineers do. He manipulated material things in the quiet of his laboratory. He also tried to manage human beings in the clanging factory. But as a manager of men he was a fish out of water. His biographers state:

"Watt was in constant difficulties over his workmen. His own complaints that they drank, that they were inefficient, that no Scotsman could be turned into a good mechanic, must be received with caution, for Watts was no more able to judge his workmen than to train them. Impatient, irritable, exacting, and yet reluctant to delegate a task to

anybody else, his character made him as unfit to be a good master as the habits with which he taxed his men made them unfit to be good mechanics. The supply of skill did not keep pace with the supply of engines, and yet Watt wanted to dismiss any workman who made a mistake. 'If possible,' he wrote to Boulton, 'have the whole brood of these engine-men displaced, if any others can be procured; for nothing but slovenliness, if not malice, is to be expected of them.' Boulton was wiser, for he knew that they had to make the best of the men as they were."

Such an attitude may seem out of date, but a similar one is quite widespread in some industrial quarters today. Is it not, therefore, paradoxical, as has been the tendency with some of those interested in the human problems in industry, to focus all attention on the workers? Of course, workers' education is important. But it is also important to educate the leaders—otherwise they will act as Watt did.

If there is to be progress in our social structure, the problem is to make sure that proper training is given to those energetic ones who are likely to become the more influential forces in it, so that their potential crude selfish energy will be transformed into energy for broader social purposes.

Proper Education of Executive

There is no more important matter than the proper education of executives to understand their jobs from an administrative, from a psychological, and from a sociological point of view. We want them appreciative of art and ideas; but in terms of social happiness, no amount of leisure time education will have as profound an influence on the life of the community as will the socialization of that aggressive energy that goes into business and trade, or is already present in business and trade.

Our population does not consist, as did the Greeks, of agriculturist slaves on the one side and intelligentsia on the other. The large group of middle-class industrialists and some of the top rank have come from the great mass of our population. It would be folly to ignore them in preparing them for life through our educational arrangements.

No matter what one's tastes are—no matter how much we deplore commercialism as a mode of life, and how much one may prefer more emphasis on the side of life which gives greater range to intellectual and aesthetic imagination, it is folly not to provide the educational means of making our commercialism more intellectually conscious and thus more socialized.

Of course, the answer is that certain educational facilities have already been provided. The colleges of business administration have already gained a recognized place in conventional business circles that is quite astonishing. It is already the fashion with certain industrial establishments to require that a man be a graduate of such an institution, aside from the A.B. or B.S. of the ordinary college or university. But there are still wide gaps in the provision for the education of the business executive.

Among the most backward of the schools are those teaching engineering and technical subjects. Although a very high proportion of their graduates become executives, there is little training given in business management, and particularly little in labor administration, to the students at such schools. As a result, a good many American engineering managers are like Watt, technically an inspiration, but quite unprepared to understand the psychological and human problems involved in the organization of men for work.

But some here may properly say; what has this to do with adult education? For students at engineering schools are not adults in the sense we mean when we speak of adult education. I have stretched a point because one cannot adequately discuss the training of executives without mentioning what takes place at engineering schools as well as what takes place at even lower grade schools such as high schools. What I have pointed to is a vital defect in our educational scheme. It retards progress in solving the problem of more satisfactory employer-employee relations.

For the main difficulty today is not with labor. It is the executive who is naturally the key man in employer-employee relations.

If he is a narrow, dehumanized specialist interested only in the reactions of inorganized matter, he will probably make a mess of the baffling human problems of social organization which an industrial unit presents.

Were I not afraid to stray from my topic, I should be disposed to ask educators an important question. I know what you are doing, or would like to do, in adolescent training for the man who is brighter than the rest intellectually. But what are you doing to train and turn into social grooves the strong-willed boy superabundantly endowed with qualities of leadership? You are responsible for those adolescents at high schools from among whom our future executives are often recruited, for under American methods, energy and ability, regardless of caste distinction, find their way to the top. Will they do it ruthlessly and selfishly, ruling with an iron hand, or are you preparing them for a better way?

Leaving aside the training of those on the border line between adolescent and adult life, there is a field where we deal with the more mature adult, once abandoned as hopeless, in which there has been some progress made in providing management education on the job.

It has come in a way that we didn't foresee.

The popular impression when one speaks of education is of concrete physical buildings with a campus and students rushing to and fro. But now we have educational institutions of another sort.

Medical associations, bar associations, and business men's groups should be recognized as important branches of adult education.

The American Management Association, the Management Division of the American Society of Mechanical Engineers, the Society of Industrial Engineers, the Taylor Society, and such groups gather the overweight and the

middle-aged executives of business, and are providing a sort of extension education in management that is in many ways more effective than that provided in the business college to men of the adolescent stage. For it is not the formalized education that is most valuable. Theoretical study has much greater meaning to men grappling with problems in a practical way. Particularly is this true as to the professions and such matters as business, which depend on experience.

The educational contact provided informally for men in advanced business life through their professional and business associations take some of the archaic elements out of their thinking. It stimulates them to think in a more orderly, systematic way instead of relying solely upon untutored intuitive processes. Aside from broadening them in technical aspects connected with management, a more socialized and modernized outlook on the human problems involved is awakened. For instead of relying upon prejudices based upon unconscious primitive impulses, such educational methods force an objective point of view. When one's peers take an attitude toward the human problems involved opposite to one's preconceptions, the new idea comes with the force of practical success and prestige.

Nor does poor management simply affect the proper organization of men directly. Of course, poor financial management, an unbalanced financial structure, is all too likely to be the cause of financial trouble, and dismissal of not only factory workers, but all employees.

Making Regularity of Work Feasible

Regularity of employment in the plant depends in very large measure not merely on effective policy in regard to employee relations, but also on effective forecasting of business and the working out of a production schedule which makes regularity of employment feasible. Such methods as modern production control, planning and controlling work in process, proper control of merchandise, provide effective economies that stabilize the business, and permit not only larger profits, but also larger payment of modern high standard of wages.

These associations are doing as much if not more for the present world than the more formal educational institutions. Our colleges of business administration are turning out every day men that are equipped, as never before, to deal with these enormous economic forces of a fast moving world. But there is a limit to what universities can do. The students who attend these universities are necessarily untried, untested material. What they receive at universities is abstract and detached from their own experience, and only a fraction of them in later life become important factors in our economic arena.

The conference method of management education, as a matter of fact, follows the most modern practice in education, namely, the project method.

The business executive comes to an association conference with certain problems in his mind, let us say, having to do with management organization. A paper is presented on the subject in which he is interested—usually he does not come if the subject matter does not bear on some of his immediate problems. After the presentation of the paper there is opportunity for discussion and the asking of questions. The member asks a specific question which bears on his particular problem. In framing the question he has gone through an educational process, for one of the primary steps in education is clarifying and properly raising a problem. In getting the answer to his question from the speaker and also from others in the audience he acquires information as it bears on an actual problem. Going back to his company he applies the ideas gained, adapted in whatever way necessary to his own situation and thus carries through the act to completion in a perfectly natural situation.

Even though the member may not be able to attend the conference the published proceedings of the conventions which he receives may serve in a large measure the same educational purposes. While the members who listen to the papers thus undergo the educational process, probably the speaker himself gets the greatest educational value out of preparing the paper. The Vice-President of one of the largest corporations in America spent a minimum of two full weeks in the preparation of a paper at a recent convention of the American Management Association. I happen to know something about how the paper was prepared. This particular executive talked with many other executives in the company about the topic, cross-questioned them and forced them to think clearly about the subject. Thus, not only he, but also they went through an educational process of great value, doubtless, to the corporation as well as all other members of the Association.

It has been interesting to observe how men who had never formally participated in Association activities by presenting papers have done so for the first time and in doing so developed new capacities formerly unknown to themselves or to their associates.

These associations, therefore, are in a way to be regarded as extension universities for men who have "come through"; who really control, and who have the experience to absorb the new ideas that may be placed before them. The entrance examination of such associations is automatically higher than to any colleges, for the men that are students necessarily must have made a success in active life. Their educators are those who have themselves come out of the school of experience, not scholars who have been detached from the world of affairs.

My intention has only been to discuss the education of executives and not that of the rank and file of employees. Yet it is well to call attention to this fact, that properly trained executives can do much in turn to train and develop subordinates all the way down the line.

One of the mistakes which has been made in the earlier approaches to the

labor problem is that attempts were solely directed to reaching and educating the worker directly but no attention was paid to training the executive who would naturally have a profound influence on the educational environment of the worker. As a matter of fact management is largely pedagogic. An executive's job is that of training and developing each subordinate group. We cannot escape the fact that the competency or incompetency of management to think, lead and educate others will have a profound influence in moulding the lives and personality of the workers in their establishments. Thus the proper education of managers and executives has a very wide social significance.

Industrial activity is each year becoming a larger part of the national life. To a large section of the population, that which occurs within the industrial establishment is the most important aspect of their existence. The whole mental and emotional personality of the worker is molded by what takes place in the factory.

From one point of view, the factory is the melting pot of the nation. The adoption of the right methods of conducting industry and the tactful and effective supervision of employees by properly trained executives will make the workers appreciate the importance of brains and leadership in our industrial structure. This will mean more for national stability than any artificial propaganda.

Because He Manages the Office *

Mr. Bergen is playing the somewhat ungrateful role of "Katharsis." For this courageous effort he deserves not only the thanks of office managers, but also those who are contributing so much thought, energy and printer's ink nowadays to questions of business organization. That Mr. Bergen was aware of the ungrateful nature of the part at the time he wrote the article is emphasized by the alibi he was careful to insert. This makes it doubly hard to say that we suspect him to be guilty of the old confusion of nomenclature with purpose.

Mr. Bergen implies that there is something reprehensible in the office manager's urge towards self-expression. We think it is a healthy sign. Why should he not think his job important, especially when in many instances it is. Whether or not he should report directly to the president or the board of directors is quite another matter and one which can be and usually is determined without much difficulty in the particular organization concerned.

Office management is an important job and especially so where there is a large office. Take the life insurance business as an example. Its home office activities are almost entirely office work. When a company has nearly ten

*Some comments on an article entitled "Why Is an Office Manager" by Mr. H. B. Bergen of Henry L. Doherty & Company which appeared in the June, 1927 issue of *The Management Review*.

thousand persons engaged in office work on its payroll, there is a large weekly investment at stake and the problems of office management have an honest-to-goodness dollars and cents value. The office function in this case becomes analogous to the function of production in the hypothetical business institution which Mr. Bergen mentions. All of this leads, as you see, inevitably to the rather bromidic utterance that you can't reach general conclusions on the basis of one specific hypothetical instance.

We agree with Mr. Bergen and we imagine that he will be hard put to find disagreement, except possibly among the "gay essayists," that line control by the office manager over all office operations, regardless of department, is rather a ridiculous and impractical notion. Having disposed of that we come down to functional control of office forces and right here is where we think our good friend, Mr. Bergen, has slipped a cog and has confused the man at the head of an office unit with the man whose function it is to study, co-ordinate and improve office work. If we only could think of a whopping good title for this second fellow the whole problem would be solved. Mr. Bergen relegates him to the realm of a fundamental research department. This sounds a little ponderous and we are afraid even the mention of it would scare the average chief executive to death.

Assuming for a moment we can find a suitable title and location for this gentleman, let us go back to the office manager. His usefulness and importance will depend entirely upon the size of the office unit for which he is responsible. Even if his unit is comparatively small and he does a good job with it, his position will be important regardless of the sum total size of the organization. In companies whose business consists largely of office work, a number of office managers may report to a single executive. Of course, it would never do to call him an office manager; he would probably be called vice-president. We have no magic solution for this problem and as a matter of fact we don't see why there should be any. Vice-president is a perfectly good title as you will see at once by comparing it with such title as assistant to the vice-secretary—yes, such a title actually exists. This office-managing vice-president may conceivably have on his staff one or more persons giving their attention to problems of office management or fundamental research in office management, if you please. Here again the idea is perfectly clear except that we are short on titles.

We hope that Mr. Bergen will feel after reading this far that we are in total agreement with his idea. The hypothetical business institution which he shows is to our mind entirely sound and practical. In a large organization such as that which Mr. Bergen mentions, research work should be brought together and be filtered through one central source to the executive officer. What we don't like and what we think is destructive is Mr. Bergen's slap at the hard working office manager who is doing a fundamental, useful and sound piece of work in attempting to raise the standards of office practice.

Perhaps Mr. Bergen did not intend to do this. He was led astray by his happening upon a snappy head line for the article. What he wanted to do we respectfully think was to point out the confusion which exists between the man who manages a group of office workers as a departmental unit in an organization and a staff man who is either charged with the direction of large groups of office units or devotes his time to research work looking toward the improvement of office management practices. And here we are at the end without having found the proper title for the second fellow. All contributions gratefully received.

ORRIN G. SHERMAN,

Metropolitan Life Insurance Company.

What's in a Title?*

"Words are powerful makers of what they stand for,"¹ and the same may be said for phrases such as titles. "This way," says the word, "is an interesting thought; come and find it."

Some business titles seem to convey a type of function or degree of authority and control which their bearers do not have and would be the first to disclaim. "Personnel Manager," for instance, was a title that had considerable vogue, but a few only of the bearers ever claimed that they actually managed the personnel of the organization, it being recognized that the immediate supervisor of an employee must exercise that function.

The real issue in regard to the status of the "office manager" is whether it correctly defines his function—in individual cases. No one could possibly quarrel with the title "manager of the Providence office," but the job is probably quite different from that of the average office manager. I have known so-called office managers whose work was that of acting president. There are many who cover the functions of personnel relations, and research in office methods and standards, who have direct charge of certain classes of office employees and activities, in a few cases including even accounting. One of the best arrangements I know, in a large insurance company, is the unification of staff personnel work and planning under a Manager of the Personnel and Planning Department.

The important issue is a clear cut definition of function and assignment of authority in such a way as to avoid these cross currents of authority or divisions of responsibility which are the glory of buck passers. If the title of "office manager" or any title tends to create misunderstanding regarding responsibilities whether on the part of the bearer or on the part of his associates then a search should be made for a new title that will not induce wrong thinking and its inevitable conflicts.

W. J. DONALD.

*Ibid.

¹Social Organization. By Professor C. H. Cooley. Chas. Scribner's Sons, New York, 1909. p. 69.

THE MANAGEMENT INDEX

Abstracts and News Items

GENERAL MANAGEMENT

Four Tests of Manufacturing Efficiency

The tests of good management are: 1. The quality and spirit of the organization; 2. The physical condition and up-to-date-ness of the plant and its equipment; 3. The ability to produce both as to quality and price the articles which the public desires; 4. To keep the home product as manufactured in the most serviceable and useful character, and to offer the public the most attractive and up-to-date value, and prove utility and value by education to the public; 5. Results gained by the humanization of industrial employment; 6. Reasonable profits. By B. A. Franklin. *Industry*, June 4, 1927, p. 1:2.

Capitalize the Desire for Speed

If investments, business and advertising are based on an appeal that is static, not in keeping with this age of speed, they should be changed. The real opportunities for profit lie in supplying people with the means by which they can work, play and live more easily and quickly. Appeal to this demand, for it is as fundamental and inevitable as progress itself. *Babson's Reports*, July 5, 1927.

Should the Big Small Business Become a Small Big Business

Instances are given showing that the former is often permanent and profitable, while the latter is all too often unprofitable and unstable. Gradually, as American busi-

ness develops, there will grow a realization of the value and worth of the business which is as large as it can be under the personal supervision of the "boss," but no larger than he can personally direct. It is in such businesses that many beautiful and unusually desirable products can be built in a highly superior way and yet at relatively small cost. By A. H. Deute. *Printers' Ink*, June 16, 1927, p. 107:5.

British Report on Industrial Conditions in the United States

Between October 13 and December 11, 1926, an official British delegation visited 16 Canadian towns and 52 leading industrial centers in the United States. They singled out the type of industrial organization known as horizontal trusts and reported to Parliament results of their inspection tour on March 18, 1927. Their report attributes the prosperity of the United States in large part to natural conditions. The wide extent and the varied climate of the United States makes possible, in their opinion, home production of raw materials and food stuffs; the large population on the other hand supplies a ready market for manufactured products. The domestic market is greatly stimulated by the extension of installment buying and by nation-wide prohibition, which has increased the purchasing power of the consumer and increased regularity of attendance among employees. Restricted immi-

gration has eliminated waste in labor turnover by substituting labor saving machinery and electric power for human effort. The production per worker is greater in the United States than in Great Britain. Yet the report expresses doubt whether American workmen are individually more efficient. The wage level is distinctly higher in the United States, but the American employee is placed in a less favorable position concerning the risks of industry than is the British worker. The skilled American employee is however able to maintain a distinctly higher standard of living than is his

British brother. The report comments on the possibilities of employee representation plans versus labor unions. It emphasizes the great improvement made in management technique and the willingness, even in competitive industries, to share the benefits of experience in organization, production, marketing, and industrial relations. The report acknowledges the increasing recognition of the importance of industrial relations and the fact that organized labor is changing its methods to meet these changing conditions. *Monthly Labor Review*, June, 1927, p. 45:3.

FINANCIAL MANAGEMENT

Credit Bureau Functions of Trade Associations

While the mercantile agency has already achieved a secure position in the law, as a factor in our business structure, the trade association credit bureau has not yet been clothed, by judicial decision, with a similar immunity. It, however, performs the same function as the mercantile agency and its knowledge with respect to a particular trade is at times even more intimate, reliable, and up-to-date, and it is only fair, therefore, that it should attain the same measure of legal justification. There is of course the danger of the abuse of concentrated power, but on the other hand, a far graver danger, of according a tremendous advantage to the large-sized business unit and utilizing it quite legitimately to effect the destruction of its weaker competitor—the moderate sized merchant. By David L. Podell and Benjamin S. Kirsh. Reprint from *St. John's Law Review*, May, 1927, p. 101:28.

"Write 'Em Off or Collect 'Em"

Bad credits swell losses and moreover restrict business. The business man has the remedy for his own credit difficulties in his own hands. He should set up definite rules. The proper procedure with monthly statements is to consider bills thirty days

past due in the active stage of collection; bills sixty days past due ready for increased pressure and change of tone; bills ninety days past due to have proper collection pressure applied after weighing all considerations. Bad credits do not simply represent a money loss of six per cent interest, but an additional loss in time, stationery, stamps, and attention of the credit department, so that the accumulated loss actually represents something like twelve or fifteen per cent. Therefore "write 'em off or collect 'em." By Norman Beasley. *Business*, June, 1927, p. 29:2.

The Investment Trust a Product of the Capitalistic Age

Following the world war America became a nation of investors. Though the Ford Motor Car Co. may point with pride to a total of three stockholders, the American Telephone and Telegraph Company lists 362,000 stockholders, the Pennsylvania Railroad 140,000, the U. S. Steel Corporation 150,000 and the Standard Oil Company of New Jersey 80,000. Smaller corporations have equally imposing lists when comparative size is considered. A factor of tremendous importance today is employee ownership, of which Swift & Company is a fair example with 13,000 of their 53,000 employees as stockholders.

The investment trust is the answer to the average investor who has neither time nor the inclination to spend hours in choosing among the bewildering assortment of security offerings. Discrimination and diversification are furnished by the investment trust which has been defined as "an agency by which the combined funds of many investors, both in large and small amounts, are utilized to purchase such a wide variety of securities that safety of principal is attained in diversification, while no control or directive responsibilities result from investment. Furthermore the investment portfolio is so managed that a good average yield is sought on share and borrowed capital, at the same time that close supervision of the portfolio permits a turnover policy aiming at realization of capital gains and the avoidance of capital losses." By Roderick Bissell. *The Financial Digest*, April, 1927, p. 14:5.

The Evolution of Overhead Accounting

This paper covers basic principles in the treatment of manufacturing overhead and also the method of designing the overhead structure. Overhead means manufacturing or shop overhead. By some this class of cost items is called burden.

The first long step forward in overhead accounting came with the appreciation that costs should be tied in with the general books. Various plans were developed to bring about this integration of costs with the general accounts. Under most of these plans new accounts were opened, such as a "work in process" account, a "finished goods" account and an account usually called "cost of goods sold."

The next development was the understanding that the old general expense account was a catch-all of no value whatever for the supervision of expense. Accordingly there was evolved a scheme for the accumulation of overhead by departments. In many progressive plants there is a carefully developed set of overhead accounts for the various departments which enables

the executive to make valuable studies of the economy of operation.

At this stage in the advancement of the technique of overhead accounting along came the "boom" for the employment of the machine hour rate method for the distribution of overhead to product. Several vehicles have been employed by which the overhead is applied to production. These are called variously overhead percentage and overhead rates.

As a matter of fact, in a very large number of otherwise progressive plants, the active handling of overhead problems is as yet in the early stages of the developments described above. Whatever the line of business may be, the design of a suitable overhead structure in keeping with the principles outlined involves taking the following steps:

1. The departmentalization of the business, that is, the division of the plant into production centers, service centers and general overhead centers.
2. The accumulation of the items of overhead for the several production, service and general overhead centers.
3. The allocation of the overhead of the general overhead centers to the service and production centers according to the responsibility of each for the incurrence of the general overhead.
4. The apportionment, in turn, of the overhead of the service centers to the production centers for which the several service centers are maintained. When this has been done all of the overhead of the plant has been applied to the production centers, that is, at those points where it may be distributed to the product going through those centers.
5. The selection of suitable overhead rate plans by which to distribute the overhead to the goods produced. The percentage on labor wages, employee hour, and machine hour rates are illustrations of three commonly used rate plans.
6. The determination of normal rates which involves two factors, namely, the normal production or output of each production center and the normal amount of

overhead for this normal production. The determination of normal production or output is based usually upon the experience of several previous years and the forecast of business to be secured over several future years. *Department of Manufacture, Chamber of Commerce of the United States*, March 1, 1927, 30 pages.

Money and Credit

The first of a series of four articles on this subject says that the trend of commodity prices will be to a lower level. Falling commodity prices release credit, and if the credit so released cannot find employment in commercial lines, it will go into securities. By Thomas Gibson. *The Financial World*, June 15, 1927, p. 761:2.

Installing Standard Costs

The second in a series of articles deals with how to distribute factory burden, is illustrated by a diagram showing the use of standard costs in compilation of the budget, and is written in the author's usual easy style. By G. Charter Harrison. *Manufacturing Industries*, June, 1927, p. 425:4.

Materials in Standard Costs

Matters should be entered in standard costs at their market values upon the date of transfer to the legal possession of customers. To the market prices of materials

should be added standard wastes, including standard allowances for spoilage and for obsolescence. To the sum of these should be added interest upon investment, taxes and insurance in accordance with the standard rates for these carrying charges and the standard period of turnover of the materials.

There should be no other additions to material costs to arrive at standard costs of products. There should be no addition for manufacturing expense in the form of a ratio to the material values. There should be no selling expense added to the cost of materials to arrive at selling prices. There should be no administration expenses added to the cost of materials and there should be no profit added to the cost of materials either directly or in combination with the cost of labor or other cost elements in arriving at selling prices of manufactured products. By William L. Churchill. *N. A. C. A. Bulletin*, July 1, 1927. 17 pages.

Improving Unit Costs Through the Budget

Budgeting an industry means coordinating all of its activities. It can find ways to proportion effort with greater effectiveness and it can tell the administrator whether present plans will leave a slice of the sales dollar for net profits. By Joseph H. Barber. *Manufacturing Industries*, June, 1927, p. 447:4.

OFFICE MANAGEMENT

Organization: Job Analysis, Employment, Pay, Tests

Exit the Private Secretary

The central stenographic department has made private secretaries unnecessary in large organizations. In the Commonwealth Edison offices this department is composed of 80 girls, including stenographers, typists, dictating machine and duplicating operators. The girls are carefully classified according to temperament and ability. The executives are also carefully classified according to

the nature of their dictation and the degree of exactness which they demand. A telephone call to the central department will supply an executive with just the sort of help to meet his individual requirements. If he is loaded with dictation work which must be quickly dispatched, a force of stenographers can be concentrated on him under the central group plan until the burden is relieved. A manufacturer of food stuffs has divided his central stenographic

department into a general, special and official group each. Inexperienced incomers are in the first group, doing general copying and stencil work. A buzzer on the annunciator board calls girls from this group. Girls in the special group do general work and in addition handle the work of department heads and special correspondence. This group is called by a high pitched jingling ring on the annunciator board. The girls in the official group handle the work of the two lower groups and take the highest executive dictation from the highest company executives. These girls are called by a deep note ring on the annunciator board.

This manufacturer finds that his central department composed of twelve workers does the work which formerly from 30 to 40 stenographers put out. By H. S. McCauley. *Management*, June, 1927, p. 60:2.

The Exit Interview

The points covered in this leaflet are functions of the interview, useful preliminary information, what to learn during the interview, helping in proper placement, service to employees, the use of leading questions, where to interview, time, costs and results. *Metropolitan Life Insurance Company*. 19 pages.

Records: Forms, Charts, Cards, Files, Statistics

A Central Authority File

The American Security and Trust Company of Washington has introduced a system for keeping immediately available documents of authorities, which is serving a most distinct purpose in its organization. The centralized authority file is composed of the following items: Letters of administration; Powers of attorney; Authorities to sign; Copies of government powers of attorney; Indemnity and surety bonds; Partnership agreements, allotments, committee papers, etc.; Cross references to any

documents on file in other departments. By Frederick P. H. Siddons. *The Bankers Monthly*, July, 1927, p. 13:1

The Bank's Nerve Center

A review is given to the installation and management of the central file in the Citizens Trust and Savings Bank of Columbus. Many instances of the ways in which this file serves the bank and its customers are described. By A. K. Chenoweth. *The Bankers Service Bulletin*, May, 1927, p. 7:2.

Benefit Systems and Incentives: Pensions, Profit Sharing, Suggestions, Vacations, Stock Ownership

How to Get the Things Worth While: Use the Means Closest at Hand

The New York Telephone Company encourages its employees in the thrift habit. There is available to them a stock purchasing plan, a savings bank plan, and a life insurance plan. An employee 25 years old can get a retirement income contract by a weekly deposit of \$2.50 in the New York Telephone Payroll Deduction Insurance Plan. At the age of 65 this contract will be worth \$6,000 in cash, and if the holder be killed by an accident before that time his family will receive \$1,000 in cash at once.

If he becomes permanently disabled or if he dies a natural death his family is granted \$50 per month respectively. Weekly deposits are proportional to the age of the employee and the amount arranged for. *The Telephone Review*, June, 1927, p. 215.

Plan for Systematic Saving

The Maritime Telephone and Telegraph Company, Limited, at Halifax, N. S., at the shareholders' last annual meeting voted to set aside a block of 5,000 shares of common stock for sale to employees at par. Permanent employees of not less than two

years' service may purchase stock on the monthly installment plan. Monthly payroll deductions are made on the last day of each month in multiples of \$1, and are limited in each case to ten per cent of the

monthly pay. The plan goes into effect on June 1, 1927, and has been adopted by request of the employees for a systematic savings scheme. By J. H. Winfield. *Monthly Bulletin*, May, 1927, p. 60:1.

Training and Education: Schools, Libraries, Employee Publications

President's Training Course

On September 2, 1927, the Commonwealth Edison Company of Chicago will start a president's course in management training. It consists principally of lectures given by company specialists and other authorities, and will be followed by discussions on the subjects under consideration. The course is divided into 1. basic factors; 2. management methods; and 3. depart-

mental management methods. It is open to a limited number of employees. One half of them are selected by a committee from among company department heads, division heads, and principal assistants; the other half is to be chosen in open competition from among employees who can qualify on the basis of personal qualifications, experience, company record and general fitness. *Edison Round Table*, June, 1927, p. 1:2.

PRODUCTION MANAGEMENT

Employee Service: Hygiene, Recreation, Lunch Rooms, Stores

A Factory Inspection System That Maintains Interest

A large middle west plant became convinced that its safety work had to be reenergized. So the management substituted a shifting committee of personnel for the fixed safety committee under the old plan. From a list of key men, partly including superintendents, foremen and gang bosses, groups of three men were selected for each month. Care was taken to have diversification in the make-up of these monthly lists with regard to the organization rank of the members enrolled. Each monthly group agreed upon a time for their inspection trip, and usually tried to get the foreman of each shop visited to accompany them. The inspection tour had to be made not later than the middle of the month, and the report before the end of each month. Notes of comments and criticisms were written on scratch paper by each committee member, signed, and turned over to the superintendent's secretary, who acted as secretary to the safety inspection work. The superintendent edited the items, deleted

immaterial ones, held others for debate on account of responsibility or effort involved in their acceptance. Plant orders were issued against remaining items turned over to the proper departments for execution, and completion was reported back to the secretary. Incomplete items of approved recommendations were turned over to the incoming committee for check and guidance. This plan has been in force for a number of years. It has maintained the personal interest of employees in safety work and secured a definite reduction of the normal insurance rate because of compliance with insurance standards. By D. C. Wright. *National Safety News*, June, 1927, p. 12.

Architects' Plans Make It Easier for Industrial Workers to Own Homes

In 1921 the American Institute of Architects organized the Architects Small House Service Bureau of the United States, for the purpose of providing stock plans for houses of four, five and six rooms. This organization does its work through ten regional divisions. The latest of these

is the New England Division, organized in October, 1926, with headquarters at 194 Boylston St., Boston. Its territory includes the whole of New England. At its office can be seen a complete set of several hundred plans produced by various divisional bureaus. The New England Division

is ready to co-operate with any individual who seeks to build for himself or for others, or with business concerns that are helping their employees to secure small well designed and economical homes. An illustrated description of one such home is appended. *Industry*, June 8, 1927, p. 1:3.

Employment: Classification, Selection, Tests, Turnover

Labor Turnover

The subject is discussed under the general subdivisions of: A. The cost of labor replacements; B. The measurement of labor turnover in individual plants; C. General indexes of labor turnover; D. The reduc-

tion of labor turnover. It is evident that the problem of reducing labor turnover is simply a part of the larger problem of adjusting the relations between employer and employee. Prepared by the Industrial Relations Section, Princeton University, Princeton, N. J. 14 pages.

Industrial Economics: Labor and Capital, Legislation, Wage Theory, Immigration

The Modern Technique of Mass Production and Its Relation to Wages

There have been three patent causes for the long-time increase in productivity, which are: 1. the rapid increase in the supply of capital; 2. the rapid development of American technical methods, including as its most notable feature, the moving conveyor; 3. the large internal market within which complete free trade prevails. There is a further imponderable one, which is the relative inability of workmen effectively to oppose changes in technique in our large-scale industries.

Various theories as to the relation between production and wages are given. A transfer of purchasing power from the wealthy to the workers would cause the prices of services and of luxuries to fall, but since the price of these services and articles is not significantly related to the utilization of raw materials already produced, the shrinkage in values would not be disastrous. An increase in money wages which did not come directly out of money profits but which was instead financed by bank credit, would also create added monetary units of purchasing power which would serve to balance the increased output of factory products and prevent the price

level from falling. Also, the greater the equality in the distribution of the national income the less is the danger of a business decline following a given absolute increase in industrial productivity. By Paul H. Douglas. *Proceedings of the Academy of Political Science in the City of New York*, July, 1927, p. 17:26.

Building Construction in Recent Years

The facts presented in this article clearly delineate the difficulty faced by the construction industry, at least so far as the erection of buildings in urban centers is concerned. At present the general economic situation is not such as would require a contraction of activity, and no significant change in this condition appears to be in prospect; in particular, there is no indication of a tightening in the money market which would retard operations, and the country remains generally prosperous. Clearly, however, new construction should not be undertaken in such volume that present ventures and those of the past few years will be unprofitable. In this connection, it should be kept in mind that in 1926 there had already appeared a moderate shrinkage in the volume of urban construction. No drastic general curtail-

ment is contemplated, of course, but rather a slowing down, in the erection of certain types of structures, which may be helpful in avoiding later losses. Under present circumstances, the danger that an attempt to slow down building would result in disastrous curtailment is perhaps smaller than would be the case if general economic conditions were less sound. By Joseph B. Hubbard, *Harvard Business Review*, April, 1927, p. 307:8.

The Proof of the Pudding

A five day week has been in force at the Bristol-Myers Company, makers of pharmaceutical products, since 1919. The company is satisfied, and the employees are satisfied. More goods are produced

under this régime than were manufactured in the five and a half day week, and the employees are making more than they did. The truth of the statement that a man who can produce in five days what he once produced in five and a half was not doing capacity work, is acknowledged, but after all, that criticism applies to the majority of human beings. The employees are paid on an hourly rate plus bonus basis. The records show that attendance and punctuality have improved, and labor turnover has decreased. The working week comprises forty-five hours for the men and forty-two and a half for the women. Lastly, the prices of their products have not been raised! By William M. Bristol, Jr. *Industrial Power*, June, 1927, p. 40:4.

Plant: Location, Lighting, Heating, Ventilation

Maximum Value from Your Building Dollar

Several very practical plans, giving illustrations, of wash-rooms and toilets in the plants of the General Electric Company are described. Some of these plans involve no extra cost beyond the minimum

attainable in any factory building. Others cost more money, but it is possible to take advantage of these extras without pushing up building costs beyond the generally accepted figure of \$4 per square foot over all cost because of standardization and planning. By William Dalton. *Factory*, June, 1927, p. 1165:4.

Benefit Systems and Incentives: Group Insurance, Pensions, Vacations, Profit Sharing, Wage Plans, Suggestions, Stock Ownership

Results of Co-operation of Workers and Management on Railroads

The Baltimore and Ohio plan of union-management co-operation is not a formula but a "state of mind." Some of the essentials of the plan are these: 1. Full recognition of the standard labor unions as the properly accredited organizations of the employees; 2. Acceptance by the management of these unions as helpful, necessary and constructive in the conduct of industry; 3. Development between unions and managements of written agreements governing wages, working conditions, and the prompt adjustment of disputes; 4. Stabilization of employment; 7. Measuring and sharing the gains of co-operation.

Some of the results of the plan are given which can be summed up in a general way as having been "eminently satisfactory up to date." *Monthly Labor Review*, July, 1927, p. 30:4.

Pride Makes Them Punctual

The Paine Lumber Company, Ltd., of Oshkosh, Wis., devised a plan to cut down its avoidable irregularity of employee attendance. In 1922 its employment department started to keep an attendance record of the 2,000 employees, weeding out irregulars and giving preference to dependable employees. The surprising discovery was made that quite as many workers living close by were irregular as those liv-

ing at a distance. Department attendance cards were periodically sent to the foremen, who complimented the punctual workers and reprimanded the delinquents. At the end of 1923 one young employee had a perfect attendance without absence or lateness. He received a personal letter of commendation from the company president with a check for \$50. His record and reward were published in the company magazine. In 1924 14 such perfect records were developed. The company then decided to award an engraved sterling silver cup and \$10 in gold to every winner. A picture of the winning group was taken for hanging in the employment office and clubrooms, and for presenting to each winner. In 1925 employees began to take an interest in attendance records, expressing regret over spoiled records, and registering complaints with transportation companies when train delays spoiled their records. 1925 finished with 32 perfect records, and a public honor roll of those who had but one irregularity during the year. In 1926 there were 58 perfect records and an honor roll of 33. Lists of winners were furnished to department foremen on July and September 1 for publication. Results have been most gratifying. One employee possesses four silver cups; four others have three cups; and seven men have two cups. By J. J. Davis. *Management*, June, 1927, p. 56:3.

Canada's New Old Age Pension Law

The National Old Age Pensions Act is the result of a popular mandate and was passed by the Canadian Parliament in March, 1927. It establishes a non-contributory plan of caring for aged dependents. The Act becomes effective when the various provinces have accepted its provisions. Pensioners must be British subjects of 70 years of age, Canadian residents for 20 years, and provincial residents for five years immediately preceding granting the pension. The maximum pension amount is \$20 per month, but this is subject to a reduction so that the total maximum income of a pensioner including his pension may not be

more than \$365 annually. The province pays one-half of the pension and the Dominion the other half. British Columbia is the first province to adopt the necessary enabling legislature. *American Labor Legislation Review*, June, 1927, p. 119.

Special Pay Day Before Vacations

The Western Clock Company has arranged a special pay day at the beginning of the vacation period, July first, for employees on day work, piece work, and premiums. These employees will be paid the hourly rate for actual hours worked between June 20 and June 29, inclusively. The balance will be paid at the end of their vacation period on July 22. The special pay day is arranged so that employees may have some extra vacation money. *Tick Talk*, June 20, 1927, p. 7.

Why Workers Borrow

The records for this study of four thousand credit union loans were gathered from seven credit unions in Boston and one in Milwaukee. The amounts and purposes of the loans, ages, occupations and salaries of the borrowers, and the number of dependents are shown in six tables. The purpose was to discover something of the financial backgrounds of such people, their family responsibilities, and the crises in life for which they were forced to borrow. By Mildred John. *Monthly Labor Review*, July, 1927, p. 610.

Establishment Funds For the Benefit of Disabled Workers

This is a study of the costs, benefits paid, and methods of establishing disability funds in 430 companies engaged in manufacturing or in commercial or transportation enterprises. Those benefit associations which are maintained by the employees of an establishment without any assistance from the firm are not included in the study. The details which are covered include the amount of the firm's contribution, the amount of dues brought to a monthly basis, the amount of the weekly sick and accident benefits and of death benefits, the number

of sick, accident, and death benefits paid, and the amount paid out in benefits in the last fiscal year. Of the 430 establishments visited, 214 reported benefit associations in which some material assistance was given by the firm. Other points mentioned are the membership and management of associations, length of membership required before becoming eligible for benefits, time between beginning of disability and payment of benefits and forfeiture of membership. *Monthly Labor Review*, July, 1927, p. 20:7.

Montgomery Ward Employees Suggest

Recently the Montgomery Ward Company held a suggestion contest which lasted two weeks. Out of 3,356 suggestions sent in by employees 300 were retained for final consideration. Nine prizes were awarded, ranging from \$500 and an extra month va-

cation on full pay to \$25. The first prize was awarded for a suggestion for revising and combining the company's regular order blank and cash folder, effecting a saving of more than one dollar in folder cost per 1,000 folders. The second prize was given for a plan of increasing merchandise turnover. Other prize winning suggestions included improved methods of distributing general catalogs with subsequent savings in postage; elimination of cardboard covers in time payment record books with an estimated savings of \$2,200 per year on opening time payment accounts; conservation of old stencils and other suggestions. The general company offices and all but the Oakland and Baltimore branch houses were represented in the list of prize winners. *Executives' Service Bulletin*, June, 1927, p. 6.

Training and Education: Schools, Libraries, Apprenticeship, Employee Publications, Bulletin Boards

A National Program of Apprenticeship for the Building Trades

A program of apprenticeship, national in scope, is needed among all interests; it must be broad in order to insure the active and widespread support required to insure permanent results. As most trades, industries and professions are already organized on a national basis, the program of apprenticeship can most effectively be instituted and promoted by these national bodies. Considerable work has already been done by the Associated Tile Manufacturers, the International Master Painters' Association, the Wallpaper Manufacturers' Association of America and the National Trade Extension Bureau. Several organization charts of apprenticeship commissions are shown. By S. Lewis Land. *Industrial Education Magazine*, June, 1927, p. 388:6.

Canadian School of Baking at Guelph Officially Opened

The Bread and Cake Bakers' Association of Canada has deeded the Trent In-

stitute, the new Canadian School of Baking, to the Province of Ontario. The school was opened on May 11, 1927. It represents an approximate value of one hundred thousand dollars and is absolutely free from any debt or incumbrance. Allied trades have contributed money, machinery, and library furniture to the institute. The school developed from a ten days' course in the chemistry, biology, and practical technology of baking at the Ontario College in 1923. The baking instruction today covers a four months' course in the science of bread making, for which graduates receive diplomas. *Canadian Baker and Confectioner*. June, 1927, p. 23:8.

The Right Man for the Job

The manager of service department, Cheney Brothers, describes finding, training and re-educating the man for the job. A daily progress chart is plotted for each learner. If a learner does not attain a certain rate of production within a given time he is transferred or discharged. Besides eliminating incompetents at an early

stage, this plan develops and promotes those with ability. By U. J. Lupien. *Factory*, June, 1927, p. 1082:4.

Proposed Code of Ethics for the Concrete Products Association

The Concrete Products Association offers a code of ethics to lift the standards of the industry and gain the confidence of the general public. The proposed code has nine sections covering the following: 1. Relation of employer and employee; 2. Relations with those from whom purchases are made; 3. Relations with our fellow craftsmen; 4. Relations with other allied business interlocking with ours; 5. Relations with the public; 6. Relations with our customers; 7. Making and executing contracts; 8. Wrong practices; 9. Conclusion. *Cement Mill and Quarry*, June 20, 1927, p. 64.

Corporation Training Programs

The corporation training plans here described illustrate the types in general use. These are classified as follows and each course is described in considerable detail: A. Apprenticeship Training; B. Special Training for special groups of employees, which includes training for job improvement and for promotion; C. Supplementary Training which is designed to improve the educational and cultural background of employees and may be given either in connection with the public school system, or independently. Prepared by Industrial Relations Section, Princeton University, Princeton, N. J. 18 pages.

Shop Organization: Planning, Methods, Job Analysis, Standardization, Waste

Rattle! Smash! Bang!

We have tried to make a virtue of necessity by adopting the clamor and roar of industry as a symbol of its vigorous activity; whereas, in truth, noise is often merely a sign of wasted energy and of poor design. It is probable that the bad effects have not been more generally recognized

Foreman Leader Training Course

From July 11 to 15 a foreman leader training course will be held at the Fitchburg (Mass.) Normal School under the auspices of the National Metal Trade Association and in co-operation with the Massachusetts State Department of Education. A similar course held last year was highly successful, and its detailed report is now available. It is hoped that the present course will give each member of the limited group an opportunity to act as a leader for specimen conferences, with the rest of the group assuming the position of the foremen's group. This will insure group members practical information combined with the acquiring of some definite experience in discussion and leadership. *Industry*, June, 1927, p. 4.

Growth of Foremanship Courses in the United States

The number of foremanship courses has increased several hundred per cent between June, 1925, and June, 1926. This problem is a comparatively easy one in large companies, but in the small companies there are several ways of meeting the difficulty. One is by the use of correspondence courses. Other methods are: use of the city school system, state vocational education department, state university extension division, Y. M. C. A., chamber of commerce, local manufacturers' association, state manufacturers' association, trade associations, etc. *The Department of Manufacture, Chamber of Commerce of the United States*, Washington, D. C., June, 1925, to June, 1926, 8 pages.

because they are both subtle in action and cumulative in results. Even though noise or other vibration be one of the principal causes of an accident there is no way of fixing the responsibility.

Some of the means of reducing undesirable vibrations and in changing the nature of certain noises are given. In the

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case of power-plants and heavy machinery this is done by the insertion of thick resilient mats between the base of the engine and its foundation. The effect of direct contact between the operative and the vibrating body is being reduced by the introduction of more automatic machinery, requiring less manipulation. The substitution of welding for riveting will remove a considerable source of noise.

A new sound-absorbing material has been put on the market and is receiving wide use in radio broadcasting stations. When used as a ceiling surface in offices, the clatter of typewriters is appreciably subdued. By C. Fenno Faulkner. *Factory*, June, 1927, p. 1079:6.

Live Steam For Cleaning Old Brick Surfaces

The U. S. Bureau of Standards has recently experimented with means of cleaning surfaces of old stone work, partly brick and Indiana limestone, in cases of commercial and public buildings. The following conclusions were reached: 1. Washing with soap and water proved slow and laborious. 2. The use of acids is not advised because of frequently detrimental results to trim materials, especially wood and stone. 3. Sand blasting is liable to cut into the mortar band and also destroys the outer protecting fused surface of the brick, thus increasing the chance of exposing the inner porous composition which then accumulates discoloration more rapidly. 4. Live steam is apparently the most satisfactory cleansing agent. It is blown directly against the stone with a pressure of 80 pounds to the square inch. Even carved stone surfaces can be effectively cleaned. The work can be speedily done with inexperienced common labor, and the cost compares favorably with other methods of cleaning. Cited from *Building Economy in Technique*, May, 1927, p. 34.

Ashes and the Undertaker

In 1925 the fire waste in the United States amounted to 570 million dollars worth of actual physical property and to the loss of life of 15,000 American citizens. The total fire waste of America may be said to represent a check over \$2,800 handed to every one of the 350,000 persons who cross Brooklyn Bridge in the course of one day. In 1925 America suffered 85,000 fires, which burned over 26 million acres and destroyed one-eighth of the total annual timber production. Fire waste is a safety and an economic problem. Local communities can and have accomplished much to establish fire protection. For instance, in 1926 the Fire Waste Contest of Milwaukee reduced its per capita fire loss from \$3.71 to \$2.89 and in Albany, Ga., to 44 cents. By R. E. Vernor. *Trade Winds*, June, 1927, p. 7:4.

Where Discoveries Are Made

Production per wage earner employed has advanced by at least 25 per cent in the last ten years. These figures are indicative of a new trend—the flow of technical knowledge, from the engineer and scientist, to business and industry. In two important ways this new technique has spread to the industrial world: business has either set up its own laboratories and engaged its own staff of scientists and technicians, or this knowledge has been secured through the medium of libraries. Although valuable technical knowledge must sometimes remain unused for a considerable period of time, yet there is danger that it will remain buried in brochures or locked in laboratory reports. Congress in industry rests not only upon the creation of new knowledge but also upon its diffusion. Editorial. *Industrial Power*, July, 1927, p. 46:2.

Labor Relations: *Collective Bargaining, Employee Representation, Arbitration*

Employee Representation or Works Councils

Practically unknown before the World War, there were 1,369,078 workers under Employee Representation in the United

States in 1926. In this survey only essential data is supplied, coupled with some actual experiences of an informational character. *Department of Manufacture, Chamber of Commerce of the United States*, June, 1927. 43 pages.

MARKETING MANAGEMENT

Russian Trade: Is It a Matter of Importance?

Germany and the United States are the two countries with which Russia does the bulk of her commerce, and therefore it is a matter of interest to this country whether and how the Anglo-Russian trade will be diverted. Though the United States has no trade agreement with the U. S. S. R. and the front pages of the press are unfriendly, a closer scrutiny of commercial relations shows that the big corporations have been entering the Russian market quietly, both as exporters and concessionaires. If any nation in the world should be able to loan capital to Russia, it is the United States with her big surplus, seeking an outlet. Already one scheme is on trial with a promise of future expansion if it proves to be successful. Viewing Russia as a debtor nation she has these assets: Her budget is balanced, her currency is stabilized, the expansion of her industry is being scientifically planned by the State Planning Commission, and her record for the past six years shows no contract violated.

There are two important reasons why American industrialists should make an immediate effort to study the Russian market. Russia is not only planning new plants and additional equipment for old industries, but is in the process of developing entirely new industries. Secondly, the United States not only produces most of the goods which Russia needs but has a productive capacity far beyond her own requirements. It is

possible for our great corporations to send agents to Russia to make careful investigations, but for smaller concerns some such credit organization as that of the Fox Brothers International Organization will be needed to study methods and problems. By E. B. Dietrich. *Barron's*, July 25, 1927, p. 16:1.

Methods of Eliminating Waste Selling Expense

The information furnished here by representatives engaged in both manufacturing and jobbing, indicates that there is a pronounced tendency toward the reduction of sales operating expenses. The trend is toward a reduction in the time it takes to get goods sold after they are produced, in inventories of finished stock, and in working capital allocated to the sales department. No firm reported a reduction in the salaries or commissions of either the salesmen or the sales executives. *Report No. 248. The Dartnell Corporation*. 23 pages.

Latvia Commercial Treaty with the U. S. S. R.

On July 2, 1927, the Russian Soviets and the Latvian Republic signed a commercial treaty based on the most favored nation treatment and on reciprocal application concerning transport and transit privileges, which are important to the economic life of Latvia. The Soviets also agree to place in Latvia industrial orders amounting to about seven and a half million dollars. The legal position of the

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two trade delegates and the monopoly of foreign trade are equally guaranteed. This is the first treaty the Russian Soviets have concluded with one of the Baltic countries. *European Economic and Political Survey*, June 15, 1927, p. 660.

Salesmanship and Consumption

This is an analysis of what the consumer gets for his money. Firms and trade associations are importing counsels on public relations—no longer called advertising men—to make us hat conscious, personality-perfume conscious, yeast conscious, mouth conscious—before our bank accounts become unconscious. The question is whether or not a *reductio ad absurdum* is not going to be ultimately reached, a point at which the consumer is baffled beyond all hope of determining the quality and durability of the goods that he buys.

The Bureau of Standards at Washington gives us a working model of what might be done. With an expenditure of \$2,000,000 a year, the government saves in its purchases, \$100,000,000 per annum. If impartial laboratories could be set up to which the consumer might appeal for reliable tests on competitive products, but not including those things we buy for the flair

they give our personalities, or for the gloom they give the Joneses, perhaps some liquidation of the burden of ignorance, misinformation, and downright adulteration might be brought about. By Stuart Chase. *Proceedings of the Academy of Political Science in the City of New York*, July, 1927, p. 694:4.

Estimating Sales Costs

The day of sales at any cost is past. In planning and estimating sales costs the modern idea is to determine as accurately as possible the volume which will yield the wisest immediate and the wisest lasting net profits. The importance of the careful estimation of sales costs is illustrated in the experience of a Pennsylvania manufacturer, who finds his greatest problem is gauging the effect of sales emphasis on a single product in its relation to a group of products. An executive of an Ohio corporation includes in his estimation of sales costs these factors: the salesman; correspondence; all forms of publicity; manufacturing costs, purchasing costs, and administrative costs. By Walter F. Wyman and Henry H. Morse. *Sales Management*, June 25, 1927, p. 1211:3.

Salesmen: Selection, Training, Compensation

Methods of Reducing Sales Pay-Roll Expense

In the present period of readjustment, when prices are close and profit margins narrow, many sales executives are carefully considering their pay-roll expense. Sales managers feel the need of plans and methods that will enable them to reduce this expense to a point where it will permit them to operate at a normal profit even though they are forced to accept a further decline in their volume. This report describes such plans and methods, covering an investigation of thousands of firms, engaged in every line of business. *Report No. 250. The Dartnell Corporation*. 22 pages.

How Shall We Control the Expenses of the Salesman in the Field?

The first sound step towards controlling the salesman's expenses is in the education of the management, the sales executive, and the salesman to the fact that there is necessarily a limit of cost of securing and maintaining business. The next step is to make thoroughly clear to the salesman that the profits of the enterprise and the compensation of the individual inevitably depend upon net profit rather than upon gross profit. The salesman must then be made to realize that his expenses, visibly or invisibly, form part of his compensation. By Arthur J. Morrison. *Sales Management*, July 9, 1927, p. 46:4.

Training, Not Time, Tells the Story of a Salesman's Success

When sales managers and employers of sales managers begin to realize that the failure of salesmen is a direct reflection upon the ability of the sales managers, then we will have less turnover of salesmen and more economical selling. The time a salesman should be given to make good should be governed by the ability of the sales manager. Many men who might never make good working for the sales manager who gives them a line, an order book, and a weekly prod or praise, might make good from the start working under a sales manager who intelligently helps

them sell. By Lee Fleming. *Sales Management*, July 9, 1927, p. 42:2.

Rating Scales or Common Sense to Determine Sales Efficiency

This seasoned sales executive protests against attempts to standardize salesmen by highly scientific methods of analyzing the man and the job. The ambitious salesman does not welcome rating scales, even though he may accept them, as a method of reaching his goal. He feels a type of humiliation, as six hundred of "him" have confessed within a year. By a New York Sales Manager. *Printers' Ink*, July 14, 1927, p. 17:4.

Sales Promotion: Letters, House Organs, Advertising

Sales Kits That Keep the Salesman On the Right Track

The chief reason for the value of the sales kit is because of its use in keeping the mind of the salesman, as well as that of his customer, on a straight track. The sales kit is properly built if it develops one idea at a time so that the salesman can use it for a long or short presentation. The portfolio helps him to come back each time to his sales story. After the salesman has an audience with the buyer, if the sales portfolio did nothing other than take him from the beginning to the end of the story, it would have served its purpose. With it, he can also plan whether his call will last five minutes or several hours. By Charles W. Hoyt. *Sales Management*, July 9, 1927, p. 23:3.

Some Suggestions on Sample Cases

Questions such as: How much should the sample case weigh? How much of the line should be carried? Should advertising material be carried in the sample case? and Should salesmen be charged for cases? were asked a number of representative manufacturers recently. The replies show that it is almost impossible to lay down a code of standard practices for the use of sample cases. However, the practices of such companies as Graton & Knight, Beech-Nut Packing Company, Bauer & Black, Celotex Company, United States Gypsum Company, Johnson & Johnson and others are cited for the help they can give in formulating one's policies. By Don Gridley. *Printers' Ink*, July, 1927, p. 62:3.

Books Received

History of Labour in the United States.

By John R. Commons and others. Macmillan, New York, 1918, revised 1926. 2 Vol. Vol. I—623 pages; Vol. II—587 pages. \$8.00 per set.

An Introduction to the Methodology of Science. By Paulin Malapert. West Virginia Collegiate Institute, W. Va., 1926. 95 pages. 50¢.

1927 Income Tax Procedure. Vol. I and

Vol. II. By Robert H. Montgomery, C.P.A. Ronald Press, New York, 1927. Vol. I—1320 pages; Vol. II—519 pages. \$16.00 per set.

Tips For Traveling Salesmen. By Herbert N. Casson. B. C. Forbes Publishing Co., New York, 1927. 144 pages. \$2.00.

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Newspaper Management. By Frank Thayer, M.A. D. Appleton & Co., New York, 1926. 470 pages. \$4.00.

Mine Management Policies. Lehigh Coal and Navigation Co., Lansford, Pa., 1925. 103 pages.

The American Race Problem. By Edward Byron Reuter. Thomas Y. Crowell Co., New York, 1927. 437 pages. \$2.75.

The Anthracite Railroads. By Jules I. Bogen, Ph.D. Ronald Press, New York, 1927. 275 pages. \$4.25.

How to Influence Men. By Edgar James Swift. Chas. Scribner's Sons, New York, 1925 and 1927. 401 pages. \$3.00.

Money. By William Trufant Foster and Waddill Catchings. Houghton Mifflin, Boston, 1923 and 1926. 401 pages. \$2.00.

Congress of American Industry. Congress of American Industry, Philadelphia, 1926. 273 pages. \$4.00.

Readings in Marketing Principles. By Ivan Wright and Charles E. Landon. Prentice-Hall, New York, 1926. 786 pages. \$4.00.

Economic Problems of Modern Life. By S. Howard Patterson and Karl W. H. Scholz. McGraw-Hill, New York, 1927. 600 pages. \$3.00.

Essentials of Public Speaking. By Warren C. DuBois. Prentice-Hall, New York, 1926. 256 pages. \$2.00.

The Work of Corporate Trust Departments. By R. G. Page and Payson G. Gates. Prentice-Hall, New York, 1926. 456 pages. \$5.00.

Tips on Leadership. By Herbert N. Casson. B. C. Forbes Publishing Co., New York, 1927. 223 pages. \$2.00.

New Business For Banks. By Frederick R. Kerman and Bryant W. Griffin. Prentice-Hall, New York, 1926. 322 pages. \$5.00.

Real Estate Forms. By Robert F. Thorley and William H. Stickney. Prentice-Hall, Inc., New York, 1926. 327 pages. \$5.00.

Proceedings of the International Conference on Bituminous Coal. Carnegie Institute of Technology, Pittsburgh, Pa., 1927. 817 pages.

Survey of Books for Executives

Factory Management. By Paul M. Atkins. Prentice-Hall, New York, 1926. 376 pages. \$5.00.

This book "is based on the idea that the control of production is one of the major functions of business administration." It will be hard to find a factory man who will deny the truth of this statement.

Production control is "a function which in many ways touches and even overlaps that of the technical engineer, on the one hand, while at the same time it interlocks with the other business functions, on the other hand." It is encouraging to factory managers to know that college students are being taught more clearly to distinguish between the purely scientific and practical. A technical man may be best prepared to design a product but for the good

of the business it may do no harm to allow some foreman to review his work to forestall possibilities of errors that all human beings are liable to make regardless of their schooling.

The book is designed primarily for use in colleges or technical schools. Students are supposed to "have already taken a general course in business administration" and to "know something about manufacturing processes and equipment." To study this book without such a background would be a waste of time. One not interested in factory problems through some actual contact would not be attracted to this volume.

For the purpose for which it was designed, this book should serve well. If the advanced student in technical or business administration schools studies this

book and learns its lessons, he will have accomplished a good sized job.

But how about the factory executive? Is this book worth reading by the works manager, the production manager, the chief inspector, the cost accountant, and by foremen and their assistants? A great deal has been written about this subject in recent years. With some it may be a case of going over once more in a general way the broad field of production control. Such a review does no harm occasionally. It will pay a factory manager to read this book if he will record on paper while he passes from page to page, the thoughts that the reading stirs up in his mind about things he is neglecting and should check up on. One way to be strong is to ask yourself and answer this question, "What are my weak points?" Here are a few helpful thoughts that came to one works manager while he read this book, which made the book worth more than \$5.00 to him.

1. Have we enough trucks for material and parts in process? Do we unload unnecessarily more than we should?

2. Who takes foremen's places when they go on vacations—understudies?

3. There's a difference between the art and the science of management. Some men are good on science but weak on art, and vice versa.

4. Leaders must be worthy of confidence of men under them as well as of men above them.

5. Study necessity of special stock for certain parts. Why not regular materials?

6. Have we gone far enough with special purpose tools?

It is a book well worth having in every factory library.

A. W. ROWLEY, *Industrial Engineer,*
Harder Refrigerator Corporation.

Modern Industry. By Ernest L. Bogart and Charles E. Landon. Longmans, Green & Co., New York, 1927. 583 pages. \$3.75.

University educators recognize that Freshman economics is one of the most

difficult courses for the student to comprehend. Unless his grasp of the world of industry and of natural phenomena is sufficient for him to understand the actual working out of economic principles, it is useless to ask him to discuss these principles. In order to prepare the student for this involved subject, the authors propose that a background or introduction to the study of economic principles be introduced into the curriculum. "Modern Industry" is their interpretation of the material which should be presented in this preparatory course. Much of the book has been used in mimeographed form in a course in Freshman economics at the University of Illinois.

This volume, primarily intended as a text-book, introduces a descriptive rather than a theoretical approach to the subject of economics. Part I of the book presents the problem, factors in development, and organization of modern industry. Man and nature as contributing agents to modern industry are discussed in the Parts II and III. Extractive and genetic industries as the earliest form of organized business are described individually in Part IV. Man's conquest of the material world provides substance for Part V. Manufacturing industries and the processes of exchange as the most recent forms of economic development are the subjects of Parts VI and VII.

The sections describing the extractive and genetic industries, manufacturing industries, and processes of exchange devote an entire chapter to each major type of business in these groups. In this portion of their work, the authors leave themselves open to criticism. Certainly, oil as an extractive industry; textile, printing and publishing, clothing, rubber, and leather as manufacturing industries; and insurance as a process of exchange are just as worthy of description as some of those included in the book. Obviously, some limitation must be placed upon the number of industries to be discussed. Either reduction or addition, preferably the latter, can make the content of this book more logical in its treatment of the subject.

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"Modern Industry" should appeal to employers whose employee training programs include economics as a subject for study. The book is practical and easy to read. Illustrations and charts of a particularly attractive and appropriate character are freely distributed throughout.

An excellent treatment of bibliographies is a feature of this book. In addition to listing references, the authors have included brief supplementary comments describing the particular contribution of each. These remarks guide the reader to adequate sources of more detailed information.

WILLIAM H. LANGE,
Industrial Relations Counselors, Inc.

Business Cycles and Business Measurements. By Carl Snyder. Macmillan, New York, 1927. 318 pages. \$6.00.

The author of this book is a well known authority in the field of business statistics. He has made clear the importance in economic research of isolating the quantity variations from price fluctuations and of appraising the element of economic growth, —first, because the current movements of quantity and price may be diverse and, second, because in spite of illogical fluctuations in prices, still, in volume changes there may be clear, dependable growth trends that can be measured and taken into account.

The author stresses these fundamentals as he develops his analysis and measurement of business cycles. His immediate purpose is not to devise a system of forecasting business conditions. Some forecasts have been good; some have been dismal failures. His point is that first there must be an intelligent analysis of the various factors of the business cycle, a measure of their intensity, an understanding of their changing relationships, and an exact quantitative expression of the measurement of economic events. As a result of these, and through measures of

the sort exhibited by the author in his book, he feels that we can come to understand what has been happening, what is now happening and what is likely to happen, all of which should eventually lead to control of the business cycle.

Specifically, in this book the author has brought together a wealth of new material from which he derives several measures of business variations month by month. The most important of these is an index of the volume of trade, averaging fifty-six independently computed series of business data. This index and his other new measures of trade and productive activity are set forth graphically in a series of over forty full-page charts. In the text there are many references suggestive of the widely varying sources of industrial statistics, and, in addition, a particularly full appendix provides quantity, value and index number data for the many diversified lines of activity analyzed and for the author's own index, for which monthly data for all post-war years is provided.

The book is sufficiently non-technical to suit the convenient reading of the lay economist or business statistician. The reasoning is clear and logically developed so as to aid the reader in following the serious consideration of a difficult problem. The first half of the book discusses the fundamentals and the broadly interpreted significance of the author's new business measurements. If one is not concerned with methods and their justification, the reading of this portion of the book would satisfy his greatest interest. In the latter half, the author justifies his methods and checks his findings against reasonable criteria.

Some of the author's conclusions are interesting, partly because they are based upon data newly available and partly because some of them fail to support certain beliefs previously held. His evidence tends to show that cyclical fluctuations in trade, with resultant crises and depressions, reached the peak of intensity in the latter half of the Nineteenth Century and have since tended to decline both in intensity

and duration. (p. 143) He finds that neither general price levels (p. 197, 201) nor interest rates (p. 217) can be used as reliable measures of the general variations in business activity known as "business cycles." There is some evidence that the general drift of prices over long periods may have a very real effect upon the amplitude and duration of such business cycles as occur within these periods (p. 204). On the other hand, he concludes that the actual cost of borrowed money is not in any sense a decisive factor in the business cycle, but rather a result or aftermath of a period of expansion and speculation (p. 227). The ratio of loans to deposits as an indicator has been completely upset (p. 233). And finally, in comparison with his sound index of the volume of trade, it appears that lately the stock markets have seemed to swing nearly with the actual course of trade and perhaps to lag behind as often as they lead (p. 229).

When long-cherished indicators of business conditions seem to be losing their reputable standing, and when prophets themselves seem to be confounded, it is of deep interest to the business man to know just what the real facts are and what the current position of industry and trade is with reference to that persistent and never ending growth which, as the author has been at pains to show, is one of the fundamentals of American business. His research has shown how to get at the facts. His indexes, particularly of the volume of trade, provide us currently with the up-to-date facts as to trend of business. And the scholarly exposition of his book should gain the confidence of the thoughtful business man and develop sufficient interest so that he will make constant use of the measurements now available. The book should be read by all those in industry who have the responsibility of forecasting the future course of a business, in order to insure its sound operation.

JOSEPH H. BARBER,

*Assistant to President,
Walworth Company.*

Foremanship and Supervision. By Frank Cushman. John Wiley & Sons, N. Y., 1927. 234 pages. \$2.50.

The material that has been presented in this book is particularly timely in view of the very rapid adoption of the conference method in industries as well as the tendency of vocational schools to offer training courses for conference leaders. In addition to being timely, it presents in a remarkably effective way the condensed experiences of one who has had every opportunity to know conference work and the special abilities which a conference leader must possess. To one who has no definite knowledge of conference leading as an activity, it presents a more comprehensive picture of the fundamentals and personal characteristics than anything yet published. For those who are familiar with conference work, it crystalizes many of the "tie up" thoughts which have been heretofore smothered by other features which involved them.

The order in which the whole problem is discussed makes the book easy to read and interesting from the angle of gradual introduction through the background and development of aims up to specifically concentrated details in application.

Many valuable features are treated in the book and some most interesting thoughts are brought out when the fundamental causes which have led many training courses to fail are contrasted with those through which other courses have yielded tangible results. The way in which weaknesses have been exposed and the simple fundamental truths that are used in exposing them contributes largely to the book's value.

In dealing with foremen so far as their training goes many people have overlooked the fact that in general the foreman must of necessity be fairly well able to handle the work assigned to him. He has with this ability, even though it may be limited by contrast with higher executives, a great deal of pride in having been selected as a leader and for being able to at least meet the minimum requirements of his job. This particular attribute of a foreman has been

treated by Mr. Cushman in a very commendable way. The simplicity used in treating the factors on which the results depend is very impressive. It does deal effectively with the fundamentals of true conference work which has as its first premise a realization that full information and knowledge is already in the possession of the group members. That no attempt is made to definitely equip the group with new knowledge or information is the main characteristic of difference between the true conference method as against what Mr. Cushman calls "instructional conference." Another interesting contrast which is put forth in a convincing manner is the treatment of the foreman's assets as against his liabilities. Mr. Cushman lines them up as follows:

Under Assets:—

First, he is accustomed to getting results

Second, he knows the details of his job

Third, he uses his practical judgment

Fourth, he knows his men

Fifth, he possesses at least the necessary knowledge and skill to meet the demands of his job.

Under Liabilities:—

First, he thinks in terms of concrete experience

Second, he is a good deal of an individualist

Third, he tends to use rule of thumb methods

Fourth, he tends to make decisions on the basis of a hunch.

While there probably will be considerable difference of opinion in evaluating these assets and liabilities in individual cases, by and large the experience of most industrial educators confirms the viewpoint that Mr. Cushman puts forward.

The forms, problems, cases, etc., which are used, have a decided value not only for the budding conference leader but for the seasoned man as well. There are so many details which apparently seem unimportant in conference work and yet have a tremendous bearing on the ultimate success that it is well worth while for Mr. Cushman to have mentioned these. Such fea-

tures as the equipment, the quarters provided, the best use of materials of such character as blackboards, etc., have a very important place in any book on conference training programs. The chapter dealing with the distribution of conference time as to whether or not it will be all company time, all leisure time, or a combination, is extremely well put forth, as is the personal attributes and the conduct to be observed by a conference leader if he is to meet with any degree of success. Viewed as a contribution to the rapidly growing literature on training of supervisors, this one of Mr. Cushman's is well in the forefront and is deserving of close study by supervisors in industries or schools.

M. J. KANE, *Plant Training,*

*Operating and Engineering Department,
American Telephone & Telegraph Co.*

The Wages of Unskilled Labor in Manufacturing Industries in the United States, 1890-1924. By Whitney Coombs. Columbia University Press, New York, 1926. 157 pages. \$2.25.

A careful and competent survey of the widely scattered, heterogeneous statistics on the rates of industrial wages in this country. Replete with tables and charts of supporting evidence, with fair critique of the findings reached by the author and earlier contributors in the field. A synthesis of the data discovered is provided by the two closing chapters, in the form of annual index numbers of both money wage-rates and real wage-rates from 1890 through 1924.

W. A. B.

A Study of Employee Pension Plans.

By the Committee on Industrial Relations. National Metal Trades Association, Chicago, 1927. 16 pages.

Any concern that is contemplating the introduction of an employee pension plan should carefully study this pamphlet. The basis of the study is the experience of the members of this Association. Eight per cent of whom have formal pension

plans. The remaining 92 per cent of the members are divided almost equally into three classes:

1. Those who provide financial aid where it is needed on the merits of the individual case.

2. Those who limit their assistance to old employees to providing easy jobs such as watchman, doorkeeper, etc.

3. Those who have as yet made no effort toward providing for superannuated employees.

The report divides pension plans into four general types—the Informal, Formal, Actuarial and Underwriters' and goes into considerable detail as to how these may be financed, pointing out how the cost mounts for a period of 25 to 50 years depending on such factors as the growth of the concern, labor turnover, wages, etc.

The report cites the experience of the contributory plan of the Morris & Company plan when this company was bought out by Armour & Company where some pensioners brought suit against the Pension Fund and against the two companies involved for breach of contract.

It then discusses the terms of a pension plan, including such questions as who should be eligible? How shall the amount of pensions be determined? Shall the employees contribute? How does the life of pensioners and labor turnover affect the cost? How shall the accrued liability be met? And what will the total ultimate cost be?

In conclusion the report issues a word of warning to employers to obtain all the facts on future costs before installing a pension plan and favors "private pension plans financed on an actuarially sound and mathematically correct reserve fund system."

This report very effectively points out the pitfalls of an employee pension system and gives in a general way the range of costs. The biggest stumbling block to going concerns as far as pensions are concerned is the accrued liability which makes a formal pension plan prohibitive to all except the most prosperous companies. The

suggestion that the accrued liability "may be met immediately by a cash appropriation to the pension fund for the full amount, or, if the amount is large, may probably be met by instalments extending over a period of several years, if necessary" would be too great a financial burden for the average concern.

The report has very little to say about those companies who (1) "provide financial aid where it is needed" and (2) "those who limit their assistance to old employees to providing easy jobs such as watchman, doorkeeper, etc." The Industrial Relations Committee of the National Metal Trades Association could be of further assistance to industry if they could shed light on the direct expense of the first method and the indirect but still very real expense of the second method.

H. GILBERT FRANCKE,

*Assistant to the Agent,
Pacific Mills.*

Motion Pictures for Instruction. By A. P. Hollis. Century, New York, 1926. 442 pages. \$3.00.

The purpose of this book is stated very concisely in the author's preface; namely ". . . to bring to the attention of the teachers generally, the constructive methods that have been worked out in teaching film lessons to children, and to select and arrange in convenient libraries, according to school subjects, the best of the educational films available."

After a few paragraphs devoted to emphasizing the importance of ascertaining whether or not so-called Educational Films are really deserving of the name, he lists, together with film titles and addresses of distributors, three representative school film libraries—a 40-reel, an 80-reel and a 120-reel library. Each covers subjects such as Geography, Athletics, History and Nature Study.

The sample film lessons outlined by Mr. Hollis are quite interesting. There are six of these.

The author devotes a chapter to a very

excellent summary of a study in "Comparative Effectiveness of Visual Aids in Seventh Grade Instruction," by J. J. Weber, Ph.D.; a comparative study in "Visual Education," edited by Frank N. Freeman; and a report on "The Cinema in Education," edited by Sir James Marchant.

The remainder of the book deals with the problems of the teacher and director of visual education, and presents also a seemingly complete and detailed catalog of recommended educational films on every conceivable subject.

Those interested in visual education will find "Motion Pictures For Instruction" a useful hand book, brim full of good, helpful advice and information.

W. FRANK PERSONS,
*The Milwaukee Electric Railway and
Light Company.*

Personnel Procedure in Education. By L. B. Hopkins. Supplement to The Educational Record. American Council on Education, Washington, D. C., October, 1926. 96 pages.

This report covers the observations and conclusion resulting from visits to 14 institutions of higher learning. Topics covered are: Selection and Matriculation, Personal Service, Curriculum and Teaching, Research and Coordination. It is by all means the most valuable document in existence on the subject.

W. J. D.

Security Speculation. By Laurence H. Sloan. Harper & Bros., New York, 1926. 272 pages. \$3.50.

Although it is so full of statistical tables that one would expect it to be dry, this fascinating book reads like a novel.

The thesis of the author is that investing or the long swing, as distinguished from the long pull, gives the best results to the speculator. The idea of motion is basic in any approach to the study of the stock market. The long swing theory of speculation is based on this idea. The long pull theory of investment assumes that it is

better to invest in good securities and hold them for an indefinite period. The author argues in favor of buying stocks near the bottom of the market, selling them near the top and putting money in the savings bank in the period when they are not so invested.

One interesting chapter of the book deals with preferred stocks. The various conclusions and opinions presented indicate that preferred stocks are essentially a speculative security and that they move by and large along with common stocks.

W. J. DONALD.

The Vocational Guidance of College Students. By Lewis Adams Maverick. Harvard University Press, Cambridge, Mass., 1926. 239 pages. \$2.50.

It is gratifying to see the extent to which the basic principles and methods of attack which personnel work in industry has been developing over the last fifteen years are capable of utilization in the academic field. Professor Maverick's book is a significant index and record of the development of one aspect of the personnel problem as it relates to colleges, namely, that of vocational guidance.* The record which he has given of activities and plans for new developments in this field performs a greatly needed service, and it brings together a mass of material which is symptomatic and encouraging to a degree. Anyone concerned in any way with assisting college students to a more effective use of educational and to improved placement will find this book indispensable.

More inclusive in its scope is the study that newly elected President L. B. Hopkins of Wabash College has done for the American Council on Education.** He finds that personnel principles may be usefully applied in five distinct directions in college administration. He discusses the selection and introduction of students; the personal

* Maverick Lewis Adams. *The Vocational Guidance of College Students.* Cambridge, Harvard University Press, 1926. —xi, 251 pages.

** Hopkins, L. B. *Personnel Procedure in Education.* In "The Educational Record Supplement," October, 1926.

service of faculty to students in point of health, mental hygiene, employment and placement; the effective conduct of the curriculum, including the selection of teachers, research, and co-ordination of all the personnel activities. It is highly significant that after a study of fourteen universities and colleges where work was going forward in all these lines it should have seemed a logical step for Mr. Hopkins to become a college president. His excellent analysis of the problem showed beyond all doubt that the successful college president of the future must be as much a personnel manager in the broadest sense as an educator and a business executive. These two books put college personnel work definitively on the map as a new and important field of specialization.

ORDWAY TEAD,

*Department of Industry,
The New York School of Social Work.*

Educational Opportunities For Young Workers. By Owen D. Evans. Macmillan, New York, 1926. 378 pages. \$3.00.

The Carnegie Corporation of New York is conducting a study in adult education and this volume is the first of the following list of five comprising the group:

"Educational Opportunities for Young Workers," by Owen D. Evans. "The University Afield," by Alfred L. Hall-Quest. "Correspondence Schools, Lyceums, Chautauquas," by John S. Nuffsinger. "New Schools for Older Students," by Nathaniel Pepper. "Libraries and Adult Education—a study by the American Library Association.

It is explained in the introduction that the general objective of the study is to determine the present day nature and extent of educational activity provided for adults and to discover whether or not the anticipated decrease in hours of work would disclose a dormant demand for culture or liberal studies as distinguished from vocational or utilitarian subjects.

The author shows that there is a tremendously large group of young workers

who, though not classed as adults, have taken on some of the responsibilities of adults in having left the regular day schools for gainful occupations. It was therefore decided to make the first unit cover this group using the following main divisions:

1. The development of the present situation.
2. The group to be secured.
3. The educational opportunities which serve.

The first part traces the historic advance in training young workers from the efforts to direct apprenticeship made by the Babylonians of 2100 B.C. through the Guilds and other phases of industrial evolution to the co-operative, evening and continuation schools of the present day.

In the second part the author gives an exhaustive analysis showing the numerical distribution, the types in different localities and the contrasts between city and rural groups. Emphasis is placed on the results of surveys showing that most of the work of these young people is unskilled and of an uninteresting nature. This, it is claimed, is largely responsible for their restlessness and shifting of jobs. The remedy suggested is greater attention to vocational guidance particularly for those between 16 and 21 years of age.

A plea is entered for state and federal aid for rural communities as they are at a great disadvantage compared with cities in providing funds for educational purposes.

The last section of the book is devoted to agencies now available to the young worker and a critical analysis of their aims, methods and accomplishments beginning with some very good advice on teaching methods.

With reference to apprentice schools, the author believes that while there is a question as to whether we are training more apprentices than in former years they are being better trained than ever before.

In commenting on evening schools, it is pointed out that they have the advantage of not being compulsory but are usually

handicapped by tired teachers, overcrowded classes and fatigue of pupils.

Concerning continuation schools reference is made to the criticism that the objectives are not clearly defined and that the compulsory feature causes resentment on the part of both pupil and parent. The author believes, however, that it is the best remedy so far provided for combating the evils of child labor.

In summarizing, the belief is expressed that while we have undoubtedly progressed in the matter of providing educational opportunities there is urgent need for extension so that maximum opportunities may be offered to the five million young workers in the 14 to 20 year group.

The need for expansion of guidance service to those who have left school is also pointed out.

The volume as a whole covers the subject very thoroughly and should be a valuable aid to those whose work or interest is concerned with the youth of our nation.

H. D. AGNEW, *Assistant Superintendent of Industrial Relations,*
Western Electric Company, Inc.

Extension of Bank Credit. By Earl Bryan Schwulst. Houghton Mifflin, Boston, 1927. 353 pages. \$3.00.

This volume is one of the Hart, Schaffner & Marx prize essays which was given the second award in the Class A group for 1925. The book as the title indicates endeavors to cover the whole range of agriculture and trade. To say the least, the task the author mapped out for himself was an ambitious one. The text material is not, as the sub-title would indicate, analytical but purely descriptive. In the latter respect it can be termed an excellent summary description of the more important practices and accounts of the country bank. The majority of the contents of the book is of general rather than of local application to Texas as the title would imply.

The main divisions of the book are:

1. A brief review of the principles of financial statement analysis as applied to

commercial statements and to the statements of farmers and stockmen.

2. The economic position of the two elemental industries of the state—the farming and live stock industries.

3. The practices and characteristics of important trades in the state, and

4. The extension of credit to the Texas country bank.

There would seem to be no particular justification for Chapter I of Part One of this book. The treatment is elementary and covers the subject in a very incomplete manner. Chapter II which purports to be an outline of the Farmers Statement, would seem to have justified a much more extensive treatment because of the major position which the agricultural industry occupies in Texas.

While the division covering the farming and live-stock industry does not include anything new it is an excellent descriptive summary of the basic characteristics in these industries with which any banker extending credit in this state must be familiar. The author in these three chapters shows not only a familiarity with the hearings and testimony of various commissions but an intimate understanding of the problems involved. This is particularly evidenced in the critical appraisal of the weakness and strength of existing practices. The chief criticism which can be made of these chapters is that the writer goes somewhat afield in some of the detailed descriptions of the processes.

Part III which covers the trade practices in select lines of manufacturing, wholesaling and retailing includes some sixteen different lines. In covering such a wide range of topics, the treatment is necessarily very limited and touches upon only two or three points under each industry. With a few exceptions the statements are applicable to the respective businesses as a whole rather than to the local conditions in Texas. This can also be said of the extensive appendix which together with these chapters constitute about one-half of the book. Of the various topics covered the one on the

oil industry is the best and most complete.

The fourth part is a description of the more general features of the items in a small bank's financial statement. This chapter is again of general application. The treatment contributes nothing that is not already found in the standard texts on the subject of banking. If the book as a whole had been constructed on the plan of this chapter with more particular application to the local conditions of Texas, rather than giving so much attention to generalizations on the general subject, the book would have been of much more practical value. It would also have been an exceedingly effective method in utilizing the local material applicable to the subject in hand. While one does feel in reading certain sections, already referred to, that the author does have a thorough understanding of his subject, both the plan of the book and the desire to cover each industry as a separate unit have prevented the author from giving us the best results.

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Forecasting Business Conditions. By Charles O. Hardy and Garfield V. Cox. Macmillan, New York, 1927. 431 pages, \$4.00.

Recently the business cycle has been referred to as a "highly mythical phenomenon," but this view is not shared by the authors of "Forecasting Business Conditions." This book is written primarily for the business man who is interested in improving his ability to forecast changes in business in order to avoid losses and to increase profits. It aims to describe the methods by which an individual can predict the course of business prosperity. It does not attempt to solve the problem of controlling the business cycle, but recognizes that a widespread knowledge of factors that forecast business conditions will operate to reduce the violence of the fluctuations in business.

The subject is developed in logical sequence by first describing the problem of

business forecasting with which business men are confronted, and then explaining briefly the nature of fluctuations in business in the past which involves the customary theories about the business cycle—its causes, nature, length, etc.

Following chapters describe the various methods of forecasting in general and those used by several of the leading forecasting agencies.

Succeeding chapters discuss the following barometers or measures of business: agricultural production, mineral production, construction, railway transportation, money, profits, stock market, industrial production, labor, trade, and prices.

An interesting feature of the book, contained in the appendix, is a summary of current forecasts made by several of the leading forecasting services over a period of years.

The great problem of the business man is to relate the great mass of material on business conditions to the effective planning and management of his own industry. Frequently a forecast that is right for the country as a whole is not pertinent to a particular business. Furthermore, business forecasts have all too frequently failed to evaluate many of the new developments that differentiate the present business era from past eras, and hence, limit the usefulness of the historical method.

The authors of this book no doubt are conscious of these infirmities of business forecasting, but have not dealt in much detail with them. Perhaps the practice of a few business men who are handling the forecasting problem skillfully would have been a pertinent addition.

This book makes some original contributions to the science of business forecasting, but it is of value mainly as a collection of material pertaining to the problem. As such, it is well done and should be widely studied by business men and others who want to learn more about business forecasting.

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